

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

BOARD OF DIRECTORS

WEDNESDAY, DECEMBER 21, 2011, AT 4:00 PM

IN THE MARY BRENNAN BOARD ROOM

T. F. GREEN AIRPORT

2000 POST ROAD, WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (“Corporation”) Board of Directors was called to order by Chair, Kathleen C. Hittner, M.D., at 4:00 pm., in the Mary Brennan Board Room at 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

BOARD MEMBERS PRESENT: Kathleen C. Hittner, M.D; Joseph M. Cianciolo; Deborah M. Thomas (arrived at 4:06 p.m.); Bradford S. Dimeo; Robert D. Sangster; Michael F. Ryan.

BOARD MEMBER ABSENT: Michael A. Traficante.

ALSO PRESENT: Kevin A. Dillon, A.A.E., President and CEO; and those members listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Mr. Cianciolo and seconded by Mr. Ryan to

approve the minutes of the Board of Director's Meeting of November 16, 2011, as amended. The motion was passed unanimously.

2. Open Forum:

Dr. Hittner asked if anyone present wanted to speak in Open Forum. Mr. Langseth, representing the Greenwich Bay Watershed, took the opportunity to wish the Board a happy holiday season. Mr. Langseth reported that at the last Board Meeting he had briefed the Board on his plans to create a website which could be used as a resource to encourage people to use public transport, specifically the commuter rail link to T. F. Green Airport. Mr. Langseth reported that due to work commitments he had been unable to start developing the website but that he has been encouraged by some of the feedback he has received on his plans.

3. Report from President and CEO:

Mr. Dillon reported that passenger numbers for November 2011 were up 0.88% on about 1% less scheduled capacity. This lowered the yearly total loss in passenger traffic from 1.72% to 1.50%.

Mr. Dillon reported that total operations at the General Aviation airports were down 8.54%. Total fuel sales were up 10.96%. Mr. Dillon reported that this is a continuing trend in the general aviation industry.

Mr. Dillon reported that Southwest Airlines had announced that they would be commencing seasonal service to Fort Myers beginning on February 12, 2012. The service is scheduled to operate through April 21, 2012. Mr. Dillon reported that preliminary bookings on this route have been encouraging.

Mr. Dillon reported that Southwest Airlines was commencing service to Denver on January 8, 2012. Mr. Dillon reported that bookings for this route have been strong. There was discussion on the benefits of this route, particularly its excellent connectivity to the West Coast.

Mr. Dillon reported that the Corporation is continuing dialogue with the City Council on its recent action to appeal the FAA Record of Decision.

Mr. Dillon reported that snow removal preparations are underway, which includes a review of the Airport's Snow and Ice Control Plan with all airport tenants, training for equipment operators and inventory control measures.

Mr. Dillon reported that the Bi-Annual Public Meetings on Aircraft Operations (Noise) had been held in Cranston, on December 19, 2011, and in Warwick (at the airport) on December 20, 2011. Mr. Dillon reported two members of the general public were in attendance at the Cranston Meeting. There was no-one from the general public in

attendance at the Warwick meeting.

Mr. Dillon reported that there is an item on the agenda requesting that the Board approve and ratify the Consent Agreement for the RIPDES permit. Mr. Dillon gave an overview of the issues relating to the permitting. There was discussion of the glycol monitoring program, and the standards for monitoring in the industry.

Mr. Dillon reported that he had attended the FAA's Diversion Forum in Washington DC on November 30, 2011. Mr. Dillon gave an overview of the forum noting that participants included airports, airlines, and industry advocacy groups. Mr. Dillon reported that the focus of the forum was to address issues related to the recent weather related diversions that caused operational issues in the northeast. There was general discussion of T. F. Green Airport's Irregular Operations Plan.

Mr. Dillon briefed the Board on proposed improvements to the lobby area in the terminal, which includes installing permanent glass partitions between the ticket counters and the entrance doors to shield the area from extreme temperatures caused by the automated doors continually being opened. Mr. Dillon reported that several options had been researched and the option chosen was the most cost effective.

4. Action Items:

(a) Consideration of and Action Upon Appointment of RIAC Purchasing Agents.

Mr. Dillon gave an overview of the new appointments noting that this action was needed as the former Purchasing Agent was no longer employed by the organization. The recommendation is that the Board approve the appointment of Jennifer M. Hawkins, Manager of Business Administration, as the RIAC Purchasing Agent, with Brian C. Schattle, Chief Financial Officer, serving in this capacity in the event that Ms. Hawkins is unavailable.

A motion was made by Mr. Ryan and seconded by Mr. Dimeo to approve the following resolution:

WHEREAS, Section 3.1.2 of the Rhode Island Airport Corporation (RIAC) Procurement Rules states that “within RIAC there shall be a Purchasing Agent appointed by the RIAC Executive Director (now the President and CEO) with the approval of the RIAC Board of Directors”; and

WHEREAS, RIAC’s former Purchasing Agent, Billy E. Cox, has left the organization; and

WHEREAS, pursuant to Section 3.1.2 of the RIAC Procurement rules, Kevin A. Dillon, A.A.E. has appointed Jennifer M. Hawkins, Manager of Business Administration, as the RIAC Purchasing Agent; and

WHEREAS, Brian C. Schattle, Chief Financial Officer, will serve in this capacity in the event that Ms. Hawkins is unavailable.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board approve the appointment of Jennifer M. Hawkins, Manager of Business Administration, as the RIAC Purchasing Agent, with Brian C. Schattle, Chief Financial Officer serving in this capacity in the event that Ms. Hawkins is unavailable.

The motion was passed unanimously.

(b) Consideration of and Action Upon Approval and Ratification of the Authority to Execute all Documents, Including the Consent Agreement for the Rhode Island Pollutant Discharge Elimination Systems (RIPDES) Permit for T. F. Green Airport.

Mr. Dillon gave an overview of the agreement which will resolve the RIPDES permit appeal. Mr. Dillon gave a brief overview of the terms contained in the Consent Agreement. Mr. Ryan questioned one of the dates contained in the Consent Agreement and Mr. Dillon reported that he would double check the information. The recommendation is that the Board authorize the President and CEO, or his designee, to execute all settlement documents, including the Consent Agreement, necessary to resolve the appeal of the Rhode Island Pollutant

Discharge Elimination System Permit (RIPDES) for T. F. Green Airport.

A motion was made by Mr. Dimeo and seconded by Mr. Ryan to approve the following resolution:

WHEREAS, the Board previously provided the President and CEO with the authority to execute all appropriate settlement documents and take all necessary steps to resolve the appeal of the RIPDES Permit; and

WHEREAS, this was later embodied in a February 2, 2009 Memorandum of Agreement (MOA) entered into with the Rhode Island Department of Environmental Management (RIDEM); and

WHEREAS, in the MOA, the Rhode Island Airport Corporation (RIAC) agreed to Design and Construct a Glycol Management System; and

WHEREAS, RIAC and RIDEM have been working cooperatively to develop a modified RIPDES permit; and

WHEREAS, In accordance with the MOA, RIAC, the airline carriers and RIDEM have reached an Agreement on the key terms of the modified permit.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute all settlement documents, including the Consent Agreement, necessary to resolve the appeal of the Rhode Island Pollutant Discharge Elimination System Permit (RIPDES) for T. F. Green Airport.

The motion was passed unanimously.

(c) Consideration of and Action Upon Approval to Enter Into a Lease Agreement for the Development of Hangar Facilities and Other Improvements at Quonset Airport.

Mr. Dillon gave an overview of the lease agreement focusing on the terms. There was brief discussion of the financing provisions. The recommendation is that the Board authorize the President and CEO, or his designee, to execute a Lease Agreement with Alhambra Building Company, containing terms in substantially the form presented to the Board.

A motion was made by Mr. Sangster and seconded by Mr. Ryan to approve the following resolution:

WHEREAS, Alhambra Building Company (Alhambra) submitted a development proposal for a certain parcel of land at Quonset Airport to the Rhode Island Airport Corporation (RIAC); and

WHEREAS, Alhambra intends to use the parcel to develop hangar facilities and other improvements for use by subtenants such as flight schools, aircraft maintenance facilities, corporate flight departments, light aircraft manufacturers, avionics repair shops and restaurants; and

WHEREAS, based on the intended use of the parcel and the negotiated terms of the Lease Agreement, RIAC staff recommends that the following terms be incorporated into a Lease Agreement:

Lease Term: The Lease Agreement shall reflect a term of thirty (30) years.

Premises: The Initial Premises shall be based on the actual square footage required to enable the construction of two hangars plus associated taxiway and ramp areas on a mutually agreeable portion of the approximate 195,000 square foot area.

Use of Premises: Alhambra intends to use the Premises to develop hangar facilities and other Improvements, collectively Improvements, for use by subtenants such as flight schools, aircraft maintenance facilities, corporate flight departments, light aircraft manufacturers, avionics repair shops and restaurants. RIAC, in its sole discretion, will determine and authorize approved uses of the site, and the activities permitted thereon. Fuel sales and aircraft de-icing will be

prohibited from the Premises.

Ground Rent: Initial rate of \$0.55 per square foot. The initial lease rate of \$0.55 per square foot will be escalated annually based on the greater of 3% per year, or the yearly increase to the Northeast Urban CPI. Rent will be payable monthly by the first day of the month. Rent payments shall commence on the date which is the earlier of one year from Lease execution or when the first hangar receives a Certificate of Occupancy.

Right-of-First-Refusal: Alhambra will have a right-of-first-refusal for additional construction on the balance of the approximate 195,000 square foot parcel in a phased development fashion. RIAC and Alhambra shall agree on logical subdivisions of the remainder of parcel not occupied by the initial two hangars. Construction commencement objectives must be met on the additional subdivisions to enable the right-of-first-refusal to continue. Should construction not commence by the timelines established, RIAC shall have the right to rescind the right-of-first-refusal. As additional facilities receive Certificates of Occupancy, the associated additional square footage would be added to the ground lease at the then current lease rate. This right-of-first-refusal shall be for a period no longer than five years from the Lease execution date.

Investment: Alhambra shall construct the Improvements on the site, including any required taxiway and utility infrastructure. The Lease

Agreement will clearly state that RIAC shall have the right to review and approve all building and pavement designs and construction activities. Physical construction of the Improvements shall commence within one year of the execution of the Lease Agreement, otherwise RIAC shall have the right to terminate the Lease Agreement.

Utilities, Taxes and Maintenance Expenses: All utility, tax and maintenance expenses related to the Premises (including the Improvements) will be the responsibility of Alhambra. The Lease Agreement will incorporate certain maintenance and improvement standards related to the Improvements.

Approvals: Alhambra, at its sole cost, will be responsible for applying for and obtaining any required approvals and permits, be they Federal, State or Local, to include any environmental permitting which may be required, to enable the construction of the Improvements.

Construction Responsibilities: Alhambra will construct and develop the Improvements.

Payment, Performance and Lien Bond: Alhambra, directly or through its contractors, will be required to provide labor, material, payment, performance, and lien bonds in an amount necessary to complete construction of the Improvements.

Ownership of the Improvements: On the last day of the Term, or if the Lease is earlier terminated, the Improvements shall automatically, without the necessity of any further action on the part of RIAC or Alhambra, become the property of RIAC, and Alhambra will assign, transfer and convey the Improvements to RIAC as of the last day of the Lease Term, free and clear of all liens, encumbrances and equities of third parties claiming by, through or under Lessee.

Insurance Requirements: Alhambra must comply with RIAC's standard insurance requirements for operations and construction activities at Quonset Airport.

Feasibility Study: Alhambra shall be afforded up to a ninety (90) day period from RIAC Board approval to perform a Feasibility Study.

Existing Tenants: Upon approval from the RIAC Board of Directors, RIAC staff will take appropriate steps to notify the two existing tenants that presently utilize the proposed site about the new Lease. RIAC will work with the existing tenants to develop a timeline for the Premises to become available for Alhambra under the proposed Lease Agreement.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to

execute a Lease Agreement with Alhambra Building Company, containing terms in substantially the form as presented in this resolution.

The motion was passed unanimously.

(d) Consideration of and Action Upon Approval to Enter into a Lease Agreement for the Development of T-Hangars at Newport Airport.

Mr. Dillon gave an overview of the agreement. There was detailed discussion of the terms in Agreement including the financing provisions. Mr. Sangster questioned the future viability of the airport, specifically as the New England Regional General Aviation System Plan is ongoing. There was general discussion of the future role of the general aviation airports in Rhode Island. The recommendation is that the Board authorize the President and CEO, or his designee, to execute a Lease Agreement with Guillaume de Ramel, or a RIAC approved organization that is formed, containing terms in substantially the form as presented.

A motion was made by Mr. Ryan and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) issued a Request for Interest (RFI) in February 2010 for the development of T-Hangars at Newport Airport; and

**WHEREAS, RIAC received one response from Guillaume de Ramel;
and**

**WHEREAS, based on this response RIAC entered into negotiations
with Mr. de Ramel; and**

**WHEREAS, based on the intended use of the parcel and the
negotiated terms of the Lease Agreement, RIAC staff recommends
that the following terms be incorporated into a Lease Agreement:**

Sponsor: RIAC

**Proposer: Guillaume de Ramel or a RIAC approved organization that
is formed.**

**Lease Term: Thirty (30) years. Improvements become property of
RIAC at the termination of the lease, subject to the renewal terms
stipulated below.**

**Premises: Land generally west of Runway 4-22 and Taxiway “C” (see
Exhibit “A”). The Premises will originally be set to accommodate a
development of ten T-Hangars. RIAC will reserve the right to remove
any unimproved areas from the leasehold after five years.**

Improvements: T-Hangar structure consisting of ten individual units;

all required ramp areas; all required taxiway stubs; all required roadway and access improvements; all required utilities (electric, lighting); all required fencing and access controls; all required taxiway stub striping and lighting if applicable. All improvements must conform to the requirements set forth by the State of Rhode Island Building Code Commission, RI State Fire Marshal's Office, Federal Aviation Administration, RIAC, and the Town of Middletown, RI. Proposer will allow RIAC and other tenants the right to utilize and tie into the access roadway (from Oliphant Lane to the T-Hangars).

Approvals: Proposer, at its sole cost, is responsible for applying for and obtaining any required approvals and permits, be they Federal, State or Local, to include any environmental permitting which may be required, to enable the construction of the improvements.

Ground Lease: Year 1 through Year 30: Fifteen Percent (15%) of net facility revenues ("net facility profits" term interchangeable), with no Minimum Annual Guarantee (MAG).

Net Lease: Proposer is responsible for all utilities used by the Premises and Improvements; Proposer is responsible for all insurance for the Premises and Improvements; Proposer is responsible for any taxes due from the Improvements; and, Proposer shall provide all maintenance required to the Premises and Improvements including but not limited to: all structural maintenance, all pavement maintenance (crack sealing, sweeping, snow removal),

and all maintenance to lighting, fencing and access controls. Proposer may contract certain maintenance and operating requirements (i.e., snow removal) with RIAC or its Airport Manager.

Other: Proposer must start construction of the Improvements within one year of the execution of a Lease Agreement; otherwise the Lease will be terminated.

Renewal: Proposer shall have First Right of Refusal to lease the Premises and Improvements for an additional five year term at the then Market Rent. RIAC shall provide Proposer the determined Market Rent for the Premises and Improvements no later than one hundred eighty (180) days prior to the termination of the Lease Term. Should the proposer not agree with the Market Rent developed by RIAC, it may request that an independent appraisal be performed to establish the Market Rent. The independent appraiser shall be mutually agreed upon by RIAC and Proposer and the costs of the appraisal shall be shared equally between the two parties. The Proposer shall remain responsible for all insurance, utilities, taxes and maintenance expenses related to the Premises and Improvements, including, but not limited to: all structural maintenance, all pavement maintenance (crack sealing, sweeping, snow removal), and all maintenance to lighting, fencing and access controls.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to execute a Lease Agreement with Guillaume de Ramel, or an approved organization that is formed, containing terms in substantially the form as presented.

The motion was passed by five in the affirmative, with one Board Member voting no. Those votes are as follows:

YEAS: Kathleen C. Hittner, M.D.

Joseph M. Cianciolo

Deborah M. Thomas

Bradford S. Dimeo

Michael F. Ryan

NAYS: Robert D. Sangster

ABSTAIN: None

(e) Consideration of and Action Upon Purchase of Two Jet Bridges for T. F. Green Airport.

Mr. Dillon gave an overview of the purchase agreement. There was general discussion of the fabrication of the bridges. The recommendation is that the Board authorize the President and CEO,

or his designee, to procure two new jet bridges for use at T. F. Green Airport.

A motion was made by Mr. Sangster and seconded by Mr. Dimeo to approve the following resolution:

WHEREAS, Gates 12 and 14 at T. F. Green airport are currently vacant; and

WHEREAS, the Rhode Island Airport Corporation (RIAC) staff has determined that the purchase of two new jet bridges for these gates is necessary to properly market these two gates and attract new airlines to the airport; and

WHEREAS, RIAC will develop specifications for two new jet bridges and issue an Invitation for Bids (IFB) following RIAC's Procurement Rules; and

WHEREAS, the jet bridges will be purchased from the lowest, responsive and responsible bidder; and

WHEREAS, the purchase price for two jet bridges is expected not to exceed \$1,750,000; and

WHEREAS, RIAC will utilize existing General Airport Revenue Bonds to fund this procurement.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the President and CEO, or his designee, to procure two new jet bridges for use at T. F. Green Airport in an amount not to exceed \$1,750,000.

The motion was passed unanimously.

5. Executive Session:

At approximately 4:43 p.m. a motion was made by Mr. Dimeo and seconded by Ms. Thomas to go into Executive Session for the purposes of discussing the following items:

(a) Motion to Approve the Minutes of the Executive Session Held on November 16, 2011 – R.I.G.L. § 42-46-5(a) (1), (2) and (7); and

(b) Discussion Related to One Pending Litigation Matter (EIS) - R.I.G.L. § 42-46-5(a)(2); and

(c) Investment of Public Funds Where Premature Disclosure Would Be Detrimental to the Public Interest (Airport and Air Service Development and GA Airport Event) – R.I.G.L. § 42-46-5(a)(7); and

(d) Discussion Related to Job Performance - R.I.G.L. § 42-46-5(a)(1);

and

(e) Motion to Return to Open Session.

For the record, the affected individual was notified in writing that the Board intended to convene in Executive Session in order to discuss their job performance, and declined to have this discussion take place in Open Session.

By the following roll call vote the motion was passed unanimously.

YEAS: Kathleen C. Hittner, M.D.

Joseph M. Cianciolo

Deborah M. Thomas

Bradford S. Dimeo

Robert D. Sangster

Michael F. Ryan

NAYS: None

ABSTAIN: None

At approximately 5:40 p.m., a motion was made by Mr. Dimeo and seconded by Mr. Ryan to reconvene to the Open Session. The motion was passed unanimously.

6. Post Executive Session Actions and Announcements:

(a) Motion to Seal the Minutes of the Executive Session Held on December 21, 2011.

A motion was made by Mr. Dimeo and seconded by Mr. Ryan to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-4. By the following roll call vote the motion was passed unanimously.

YEAS: Kathleen C. Hittner, M.D.

Joseph M. Cianciolo

Deborah M. Thomas

Bradford S. Dimeo

Robert D. Sangster

Michael F. Ryan

NAYS: None

ABSTAIN: None

(b) Report on Actions Taken During Executive Session:

During the Executive Session a motion was made by Mr. Cianciolo to approve the sealed minutes of the Executive Session held on November 16, 2011. The motion was seconded by Ms. Thomas. The

motion was passed unanimously.

(c) Consideration of and Action Upon Approval for Board Chair to Take All Appropriate Actions in Accordance with the President and CEO Contract.

A motion was made by Mr. Dimeo and seconded by Ms. Thomas to authorize the Board Chair, on behalf of the Board of Directors, to take all appropriate actions in accordance with the employment contract with RIAC's President and CEO. The motion was passed unanimously.

(d) Consideration of and Action Upon New Contract for President and CEO.

A motion was made by Mr. Dimeo and seconded by Mr. Cianciolo to authorize the Board Chair to execute a new three-year contract with RIAC's President and CEO on terms discussed during the foregoing Executive Session with an effective date commencing January 1, 2012. The motion was passed unanimously.

7. Future Meetings:

The time for the Board Meeting in January 2012 has been amended. The next meeting is scheduled for Wednesday, January 18, 2012, at 4:30 p.m., in the Mary Brennan Board Room, T. F. Green Airport,

Warwick, Rhode Island.

8. Adjournment:

Ms. Thomas moved to adjourn at approximately 5:45 p.m. Mr. Cianciolo seconded the motion. The motion was passed unanimously.

Respectfully submitted,

**Kathleen C. Hittner, M.D., Chair
Rhode Island Airport Corporation**

**PUBLIC ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, DECEMBER 21, 2011**

NAME	AFFILIATION
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Brian Schattle	RIAC
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Peter Frazier	RIAC
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Patti Goldstein	RIAC
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Laurie Brayton	Senate Fiscal Office
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Woody Cresswell	The Paradies Shops
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Val Mendonca	HNTB
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Richard Langseth	Greenwich Bay Watershed
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The minutes of the Executive Session of the Board Meeting of December 21, 2011, have been sealed in accordance with R.I.G.L. § 42-46-4.